

SPECIAL PRESIDENTIAL ELECTION ISSUE

RAND REVIEW

Summer 2000

Vol. 24, No. 1

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

Balanced Ticket

Proposals for a More Perfect Union and
a World of Decision

200000829 162

RAND REVIEW

Summer 2000

Vol. 24, No. 1

SPECIAL PRESIDENTIAL ELECTION ISSUE

3 Message from the Editor Letter to the Editor

4 Balanced Ticket

Proposals for a more perfect union and a world of decision

By James A. Thomson

6 Domestic Policy for a More Perfect Union

6 Education

Improving public schools • Reforming public schools • Reducing class sizes • Replacing standardized tests with computerized tests • Closing the gap between ethnic groups

8 Health Care

Expanding health insurance coverage • Targeting coverage to vulnerable populations • Covering prescription drugs under Medicare • Improving treatment for depression • Improving quality of care for all

12 Abortion

Reconsidering two goals in conflict

12 Children

Invest • Invest • Invest

13 Income Inequality

A menu of options for a trio of goals

14 Drugs and Crime

Controlling drugs and sentencing criminals cost-effectively

15 Air Safety

Relief for an overworked, underequipped federal agency

16 Map of a World of Decision

18 Foreign Policy for a World of Decision

19 Europe and Its Perimeter

Pointing NATO toward the south and east • Creating international institutions to enforce the rule of law in the Balkans • Encouraging Polish-Ukrainian collaboration

20 Russia

Short-term health, long-term wealth

21 Persian Gulf

Sharing carrots, sticks, and common interests with Iran • Targeting the "center of gravity" in Iraq • Stemming political violence around the Gulf

22 Central Asia

A warning against military commitments • An alternative route for Caspian oil • Uncommon common ground with China • Unsettled ground between China and Russia

24 China, South Asia, and East Asia

"Congaging" China • Negating nuclear nonsense in India and Pakistan • Exercising flexibility on the Korean peninsula • Building a more equal relationship with South Korea

26 Cuba

Lift a law now • End an embargo later • Create a new consensus

27 Global Environment

Alternative technologies for a cleaner world

27 Foreign Aid

Family planning for health, education, the economy, the environment, and political reform

28 Related Reading on Domestic and Foreign Policy

Message from the Editor

Several domestic and foreign policy issues figure to play a prominent role in this year's presidential debates. In domestic policy, educational and health care reforms appear near the top of the national agenda. In foreign affairs, traditional policies toward China and Cuba appear particularly ripe for reexamination. We offer this special presidential election issue of the *RAND Review* as a modest contribution toward informing the debates on these and other issues.

We say modest, because RAND research can neither foresee nor address all of the campaign issues that may suddenly erupt and eventually sway the vote this year. Our scope of work has not included research, for example, on capital punishment, prayer in public schools, or the price of gasoline—all of which have commanded more attention than usual this campaign season.

But we can speak to the array of issues outlined at left. And we can offer recommendations to help all political parties formulate cogent platforms and help all political candidates premise their arguments on a solid foundation of reliable information. If the information in these pages can strengthen the debate across the political spectrum, then the public will be served no matter who wins the election.

—John Godges



AP/WIDE WORLD PHOTOS/KEN BENNETT

Wait Chapel on the campus of Wake Forest University in Winston-Salem, N.C., will be the site on Oct. 11, 2000, of one of three nationally televised presidential debates.

Letter to the Editor

As a military officer with experience in personnel management, I read with great interest your article, "Troop Formations: Military Personnel Reforms Contain Elements of Surprise" (Winter 1999–2000). My studies and experience lead me to concur with all your findings, and I was encouraged to see that dedicated research verified my theories regarding retention.

However, I was dismayed that the research did not address one of the key issues in retention: frequent reassignments necessitating family relocation. Beyond the issues of pay and allowances, the fact that military families must relocate, often to undesirable locations, is a primary stated reason for resignation or retirement.

The average military member is better educated, more marketable, and more likely to have a family now than ever in the past. The needs of the military family have also changed to more closely reflect society in general: dual-income families, child care, and quality-of-life demands, to name a few.

Second only to pay issues, the most common reason I have heard for members departing the service is family disruption and financial loss due to Permanent Change of Station (PCS). Military reimbursement for moving expenses falls so far short of actual expenses as to make reassignment a bankrupting event for many service members. While private industry may move their personnel regularly, the moving allowances and real estate services provided make the event far less financially stressful.

To remedy this inconsistency, the military has two options: Change the military mentality that states, "you have to move to move up," or change the moving reimbursement schedules to adequately compensate families for the disruption and hardships caused by transfer. The first option requires a major sea change, the second a major funding change.

Rick Kenin

Lieutenant Commander, U.S. Coast Guard
Springfield, Va.

Editor's Note: For RAND work on PCS transfers, see Personnel Turbulence: The Policy Determinants of Permanent Change of Station Moves, W. Michael Hix, Herbert J. Shukiar, Janet M. Hanley, Richard J. Kaplan, Jennifer H. Kawata, Grant N. Marshall, Peter J. E. Stan, RAND/MR-938-A, 1998, 94 pp., ISBN 0-8330-2582-1, \$15.00.

RAND Review is published periodically by RAND, a nonprofit institution that helps improve policy and decisionmaking through research and analysis. Opinions are those of the authors and do not reflect positions taken by RAND, its board, or its sponsors. Although permission is not required to quote from articles, *RAND Review* should be credited. Submit letters to Editor, *RAND Review*, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90407-2138, or e-mail godges@rand.org. For extra copies of *RAND Review* at no charge, contact RAND Distribution Services at (310) 451-7002, or send your name, request, and postal mailing address to order@rand.org.

Visit RAND at <http://www.rand.org>

Visit *RAND Review* at <http://www.rand.org/PUBS/rrr.html>

Balanced Ticket

Proposals for a More Perfect Union and a World of Decision

By James A. Thomson



James A. Thomson is president and chief executive officer of RAND and chairman of the board of RAND Europe.

Some might say we're asking for trouble. Or revealing our biases. Or "politicizing" our research. By clarifying how our research might pertain to a presidential campaign, we risk being accused of crossing the line between policy analysis and political advocacy.

RAND has always tried to avoid crossing that line. Our clients and the public rely on us for objectivity. Advocacy or partisanship is not part of our game plan. But this is not to say we eschew making recommendations.

Our job is to help improve policy and decision-making through research and analysis. We do that in many ways. Sometimes, we develop new knowledge to inform decisionmakers without suggesting any specific course of action. Often, we do more by spelling out the range of available options and analyzing their relative advantages and disadvantages. On many other occasions, we find the analysis so compelling that we advance specific recommendations. We find that these chances to help are especially rewarding.

When we advance recommendations, we do so with the full knowledge that we are not the decisionmakers and that we cannot take into account everything they must take into account. We do not have to balance competing interests across vastly different domains. (For example, we do not have to choose whether to expend political capital on either a RAND recommendation or a new highway bill.) We normally do not have to struggle with a bureaucracy reluctant to implement new solutions, although we are sometimes part of those struggles.

Our job is to give decisionmakers the best possible advice we can based on what we have been able to study. We advance our recommendations confident that they are the best we can develop—but also humble with regard to the broader complexities faced by decisionmakers. Political decisions often involve factors that are beyond the reach of the analyst.

Why, then, this issue of the *RAND Review*? President Truman is reputed to have said it best to one of his advisers: "Just tell me what's right. I'll do the politics." There will certainly be a lot of politics in the coming campaign. What we hope to do is to provide a foundation for the political debate by informing people and the candidates about the facts and about what the analysis suggests is the best way to proceed.

The job of the next president of the United States will be no small order. It will be his charge to remedy lingering social and institutional ills at home and to define a coherent American role in a transforming world. In domestic affairs, a plenitude of proposals have been put forth to improve our educational and

health systems, and the competing proposals have become central to the campaign debates. Some proposals look promising. Some don't. In foreign affairs, a whole new world of challenges and shifting alliances awaits the next president. Those challenges will need to be met by comparably dramatic shifts in defense planning as well as in diplomatic practices.

Of course, it will also be the charge of the next president to command a military force undergoing enormous transformations of its own. RAND conducts extensive research on defense policy, but we will reserve our detailed recommendations on defense policy for a future *RAND Review* that will coincide with the nation's quadrennial review of defense and security policies in 2001.

Regarding the domestic and foreign policy recommendations outlined here, we suspect that both major candidates could find support for some of their positions in some of our recommendations. We also suspect that both candidates could find other recommendations less welcome. Ideally, both candidates would embrace the bulk of our recommendations and use them to refine their own presidential platforms and eventually the next administration, be it Democratic or Republican.

At the same time, we recognize that our research cannot address every salient campaign issue. We have done no research, for example, on current proposals for Social Security, gun control, tax cuts, campaign finance reform, or the Middle East peace process. The recommendations that follow cannot determine and rank every national priority, but they can suggest what should be done about the priorities addressed here.

So with that, let the partisan race proceed, but let it be informed, as much as possible, by nonpartisan research and analysis. ■

The following recommendations cannot determine and rank every national priority, but they can suggest what should be done about the priorities addressed here.

Domestic Policy for A More Perfect Union

Voters consistently rank education and health care among their top concerns in the current presidential race. The education research outlined below offers advice on improving public schools, reforming public schools, reducing class sizes, developing alternative national tests, and closing the ethnic gap in higher education. The health care research described here diagnoses the chances for expanded health insurance coverage, for targeted coverage to vulnerable populations, for prescription drug coverage under Medicare, for improved treatment for depression, and for improved quality of care for all. Recommendations also appear for other domestic policy issues, including abortion, early childhood investments, income inequality, drugs, crime, and air safety.

Education

To improve the existing public school system, target resources to teachers and disadvantaged students. Some research has shown that more money for public education cannot improve schools without the reform of school bureaucracies and the creation of competitive incentives. Policies advocated under this reasoning have included vouchers, school choice, charter schools, and contracting. Yet recent research, focusing on statewide educational reforms rather than individual schools or districts, shows consistent positive benefits of additional funding for public schools, particularly when targeted to minority and disadvantaged students. In general, money should be targeted to specific programs, types of students, and the early grades. If the

goal is to improve test scores nationwide, the most cost-effective reforms appear to be the following: (1) In all states, give teachers more discretionary spending for classroom purposes, (2) in states with disproportionate shares of poor students, expand public preschool, and reduce class sizes in the early grades to below the national average, and (3) in states with average proportions of poor students, reduce class sizes in the early grades to the national average. This approach would require boosting spending in states that currently have lower spending levels than average. A major source of inefficiency in national educational spending is the large inequity in spending across states.

To completely reform public schools, offer a comprehensive alternative to the existing governance system.

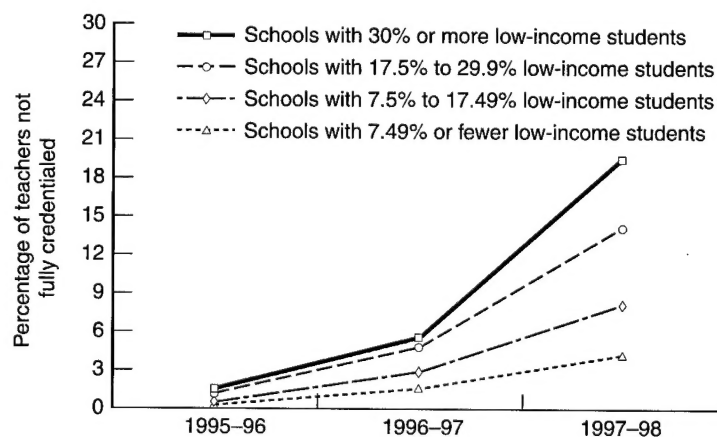
To date, all efforts to reform public education have been piecemeal. Voucher plans give some parents the financial resources to demand better schools but do not explain how public or private agencies should provide better schools. Charter schools reduce regulations on a few schools but leave the vast majority unaffected. Site-based management changes local decisionmaking but does nothing to relieve pressures from the central office, federal and state regulations, or union contracts. And "systemic" reforms—which align mandated tests with mandated curricula and mandated teacher certification methods—do not eliminate the political and contractual constraints that can make schools unresponsive to change. All these proposals leave intact the core of the existing system: a rigidly top-down, rule-driven bureaucracy that is committed to governing schools by politically negotiated rules. But there is a real alternative: contracting. This alternative builds on the charter school movement but would extend the autonomy of charter schools to all schools. Under contracting, school boards would no longer directly manage schools. Instead, they would contract with independent organizations to run them. Contractors might range from the staff and parents of currently successful schools to community groups or universities. If they failed to deliver, they could be replaced. The role of school boards would be transformed. Their job would be merely to evaluate proposals, manage contracts, and ensure that contractors deliver on their promises. This arrangement would reduce spending on school bureaucracies and direct the money to the schools themselves. Large school systems could not convert to this new governance structure overnight. Big-city school boards could subject this proposal to a hard first test by contracting out for operation of their poorest-performing schools.

To reduce class sizes, make sure there are enough classrooms and teachers to go around. California's massive effort to reduce the size of primary-grade classes offers lessons for the nation as a whole. The good news is that

California third graders in smaller classes have slightly higher test scores than students in larger classes, and the gains appear equally across all ethnic, racial, economic, and linguistic categories. The bad news is that the rapid implementation of the program, begun in 1996, has exacerbated the inequalities among schools. Space shortages at already overcrowded schools have made it toughest for them to add new classrooms, and teacher shortages have allowed the fully credentialed teachers to gravitate toward the "most desirable" schools (see figure). If anything, it is striking that the gains in test scores have been equally distributed across the state *despite* the unequal implementation. To make the program work more equitably, in California and elsewhere, future plans should include the construction of more classrooms where needed, the recruitment and professional development of high-quality teachers, and incentives for good teachers to work at the schools where their expertise is needed most.

There is a real alternative: contracting.

Percentage of Teachers Not Fully Credentialed in California Schools with Different Proportions of Low-Income Students



SOURCE: California Class-Size Reduction Consortium analysis of California Department of Education data (see *Class Size Reduction in California*, 1999).

Explore the feasibility of replacing paper-and-pencil tests with computerized adaptive tests administered over the Internet. Advances in information technology make it possible to overcome many limitations of traditional tests. For example, most existing paper-and-pencil tests measure a narrow range of skills; students may become frustrated when questions are too easy or too difficult for them; and there is typically a long delay in receiving the test results. These tests are becoming increasingly important, however, in the lives of school personnel and students. Several states use them to gauge the performance of teachers, principals, and schools, creating pressures to inflate scores, "teach to the test," or even breach test security. Results also have high stakes for students in many states and districts, with graduation, promotion, and tracking decisions based on scores. Because most existing tests are not well aligned with state standards or curriculum goals and are subject to artificial score inflation, these tests may be inappropriate measures of what students have accomplished. The increasing presence of technology in schools offers an opportunity to explore alternatives to traditional testing. Computer-based testing permits a broader range of questions to be administered, can adapt the difficulty of the questions to a student's proficiency level, and may improve test security because questions may be drawn from a "bank" of thousands of questions. In addition, results can be reported almost instantaneously, making them potentially more useful to teachers, parents, and students. Administering the tests over the Internet would eliminate the need for expensive hardware and software at each school. Of course, this form of testing does not solve all of the problems associated with traditional tests, and it introduces some new ones, such as ensuring that all students and teachers are comfortable with the technology. Such issues need to be explored before such a system can be adopted on a large scale.

Take aggressive steps to close the educational gap between ethnic groups. If current trends continue, the gap in educational attainment between whites and Asians compared with blacks and Latinos will widen in the next 15 years, but a national effort to narrow the gap could more than pay for itself. In California alone, taxpayers would need to contribute, in 1997 dollars, an additional \$9 billion annually—or 21 percent of the state's education budget—to ensure that blacks and

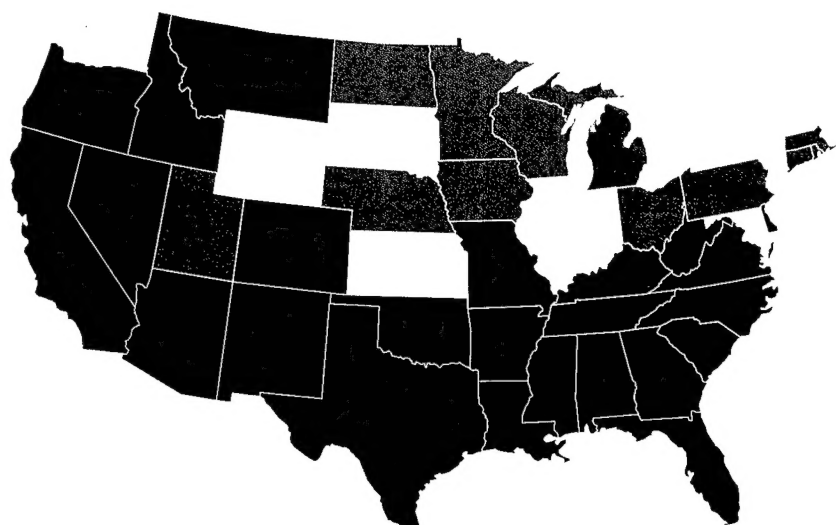
Latinos complete high school and college at the same rate as whites. In the rest of the nation, costs would need to increase \$14 billion annually, or 8 percent. But for each dollar spent, the long-term savings from reduced public health and welfare expenditures and increased tax revenues from higher incomes would be \$1.90 in California and \$2.60 in the rest of the nation. (The reason for the difference is that California has relatively more Latinos, who use public services less than average, while the rest of the nation has relatively more blacks, who use public services more than average.) It would cost roughly half as much to add the educational capacity needed if only the high school graduation rates of blacks and Latinos were to be equalized with those of whites. These estimates assume that there will be a marked increase among blacks and Latinos in their preparation and demand for high school completion and college entrance.

Health Care

The next president will face many issues that have been brewing in the health care system relating to access, cost, and quality of care. These issues will affect every dimension of the system, including programs funded by the federal government, such as Medicare; programs funded jointly by the federal government and the states, such as Medicaid; care provided in the military health system or by the U.S. Department of Veterans Affairs; and care funded by the private sector. As work done at RAND has demonstrated, addressing these problems will require both clinical and economic solutions. It will require a strategic approach to increase the value of the money spent in the health care system. Below are a few specific proposals that may merit attention right away. Although they do not directly address the systemic issues, these proposals do address important dimensions of the broader issues.

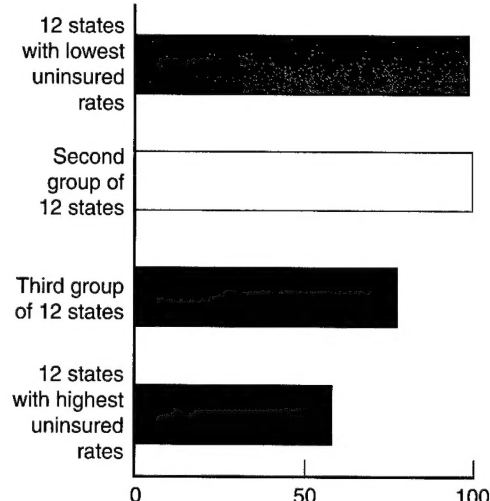
Targeted federal assistance may be necessary to induce many states to expand insurance coverage for the uninsured. In the current political environment, much of the responsibility for improving health care access and affordability is vested in governors and state legislatures, not the federal government. But independent actions taken by states are unlikely to significantly

Only Half the States Can Singlehandedly Insure Almost All of Their Uninsured



■ 12 states with lowest uninsured rates ■ Third group of 12 states
 □ Second group of 12 states ■ 12 states with highest uninsured rates

SOURCE: "Federalism and Health System Reform," 1997.



Percentage of low-income uninsured who potentially could be provided insurance by state funds alone

reduce the number of uninsured people in this country, because states with the greatest need to expand coverage have the least tax capacity to do so (see map and figure). Federal-state partnerships may be necessary to substantially expand coverage. A good example is the Children's Health Insurance Program (CHIP), which gives federal matching funds to states to help expand coverage. Established in 1997, CHIP is likely to boost the number of low-income children who have insurance nationwide and to double their frequency of doctor visits on average. But the effects will vary greatly from state to state, with the biggest improvements in states that have traditionally provided the fewest health safety-net resources.

low-income children insured and their frequency of doctor visits. Research on expanding coverage to the other populations indicates the following:

- For employees of small businesses, which are less likely than large firms to offer health benefits, one proposal is to offer tax-deductible medical savings accounts (MSAs). But MSAs would only slightly increase either the number of small-business employees offered insurance or the number of small businesses offering it (see table). MSAs would be a very

Medical savings accounts would only slightly increase the number of employees offered insurance.

In efforts to expand health insurance coverage for specific populations: (1) do not count on medical savings accounts; (2) bolster coverage for mental health services, including treatment for substance abuse; and (3) account for early retirements. Since the failure of national health care reform, efforts to expand health insurance coverage have focused on vulnerable populations: children, employees of small businesses, the mentally ill, and the near-elderly. The discussion above notes that CHIP should boost the number of

Potential Effect of Medical Savings Accounts (MSAs) on Insurance Coverage

Scenario	Employees in Small Businesses Offered Insurance	Small Businesses Offering Insurance
Without MSAs	41%	36%
With MSAs	43%	38%

SOURCE: "Simulating the Impact of Medical Savings Accounts on Small Business," 2000.

attractive option, however, for small-business employers who are already offering insurance and whose employees are dissatisfied with a managed care plan.

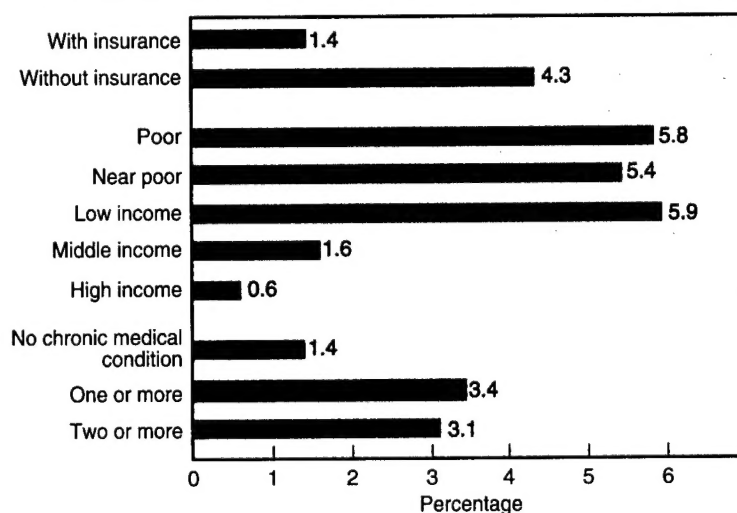
- For the mentally ill, "parity" legislation by the federal government and most states in the past three years has required equal coverage for mental health and medical conditions, but much of the legislation is very limited and does not extend to the people who need it most. In fact, people with mental disorders say the quality of their insurance coverage and their access to care have both declined in the past two years, whereas those without mental disorders report stable insurance and improved benefits. Even if stronger legislation is enacted, however, parity "on paper" may not be enough in today's managed care environment.

- Treatment for substance abuse has almost always been excluded from federal and state legislation expanding mental health coverage—largely because of cost concerns. However, unlimited coverage for substance abuse treatment that is currently offered by 25 managed care plans costs employers only \$5 a year per employee. Limiting benefits for substance abuse treatment saves very little but costs a lot of patients very much. Patients who lose coverage are likely to end treatment prematurely or get dumped into the public sector.

- For the near-elderly contemplating early retirement before they become eligible for Medicare at age 65, individual health insurance may be prohibitively costly. Recent proposals would allow some individuals to buy into Medicare prior to age 65. This would increase options for health insurance coverage among early retirees, who now must rely either on employer-provided retiree health benefits, COBRA continuation coverage purchased through a previous employer, or the private insurance market. Expanding access to Medicare coverage will reduce the number of near-elderly who are uninsured but, depending upon the cost of the coverage, might also increase the number who retire early, which may or may not be the intent.

Cover prescription drugs under Medicare for at least some of the elderly. For years, politicians have considered expanding Medicare benefits to cover prescription drug costs. It would be a fair deal, for three reasons: (1) The financial burden for the elderly can be catastrophic; (2) coverage would increase demand for drugs only by increasing the number of users, not by increasing the amount of drugs taken per user; and (3) although coverage would cost about \$15 billion a year in 1990 dollars, or 17 percent of Medicare outlays, Medicare could negotiate discounts on drug prices to reduce the cost. The elderly who use prescription drugs spend an average of 3.1 percent of household income on them, but the elderly without private insurance bear three times the burden (see figure). Similarly, the elderly in poor, near-poor, and low-income households bear nearly ten times the burden of those in high-income households. The burden is also at least twice as great for those with a chronic medical condition, such as diabetes. Although 55 percent of the elderly who use prescription drugs spend 1 percent or less of their income on them, 1 percent of the elderly spend over one quarter of their income on them. Given the uneven burden, one option would be to target Medicare coverage for prescription drugs to those who need it most: those with low incomes and those in poor health.

Percentage of Income Spent on Prescription Drugs by the Elderly



SOURCE: "The Financial Burden of Prescription Drug Use Among Elderly Persons," 1997.

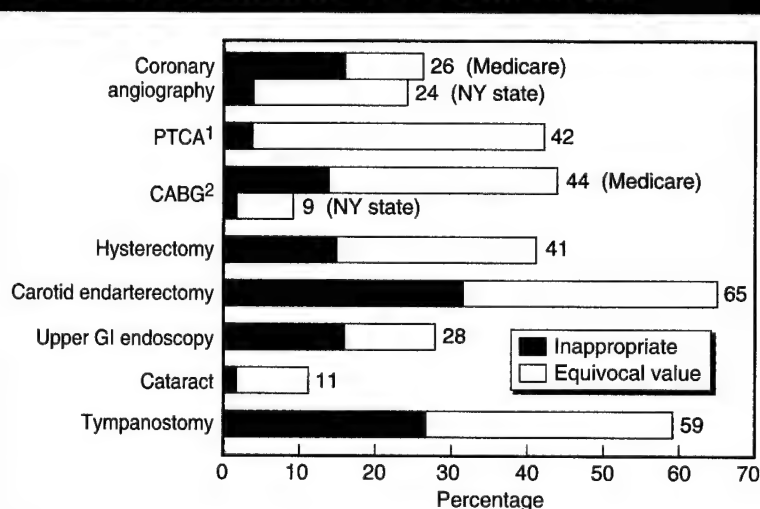
Improve treatment for depression, using available and practical methods. Depression is among the most common of chronic health problems, and it exacts higher social costs than many other chronic diseases, especially in terms of daily functioning and employment. Despite the existence of medical guidelines for treating depression, the quality of care varies widely, many patients receive no care at all, and the cost-effectiveness of care is usually low. A major part of the problem is that most patients with symptoms of depression are seen only in primary care settings, where general medical clinicians often lack the time, training, or access to specialists necessary to diagnose and treat depression effectively. As a result, many seriously depressed patients receive care for a problem other than depression or receive the wrong treatment. For example, depressed patients are more likely to be prescribed tranquilizers, which are ineffective for depression, than antidepressants. But there is hope. A recent clinical trial, called Partners in Care, shows that the quality of care for depression can be significantly improved with modest, practical methods. Partners in Care entails educating primary care clinicians to recognize the signs of depression and prescribe correct treatment, either medication or psychotherapy. No one tells the clinicians or patients what to do. Rather, the primary care practices are trained to improve themselves. The results have been startling. Twelve months into the clinical trial, five percent more of the patients in the improved practices remained in the workforce compared with their counterparts receiving customary care. Since depression reduces workforce participation by about five percent, the Partners in Care program negated the detrimental effect of depression on employment. Although employment is a crude measure of well-being, it is particularly relevant to health policy because most private health insurance comes through employment. No other quality-improvement program for any health condition in primary care has shown that kind of positive employment boost.

Spearhead a national strategy to improve the quality of health care for all. The U.S. health care system is inefficient. It wastes money by providing care that is not needed, and it causes potential harm by failing to provide care that is needed. Most Americans receive

high-quality care, but 20 to 30 percent of the care given is unnecessary, while about a third of the needed care is not given. Regarding overuse, many medical procedures are performed for inappropriate reasons, meaning the expected health risks outweigh the expected health benefits. The rates of inappropriate use range from 2 percent for cataract removal to 32 percent for carotid endarterectomy, a procedure that reduces the likelihood that a patient will have a stroke (see figure). Regarding underuse, many people receive either too little care or the wrong care because of misdiagnosis and mistreatment. There is little evidence that economic incentives alone will improve patterns of care. Cost-cutting strategies by U.S. managed care organizations and by national health care systems abroad have decreased necessary as well as unnecessary care. Fortunately, new methods for measuring the necessity and quality of care are available. RAND has developed more than 1,500 quality indicators for nearly 70 clinical areas that represent care for the leading causes of death, disability, and illness. This new quality system applies to children, adults, and the vulnerable elderly. Tools have been developed to evaluate care from

There is little evidence that economic incentives alone will improve patterns of care.

Proportion of Procedures Judged Either "Clinically Inappropriate" or "of Equivocal Value"



¹ Percutaneous transluminal coronary angioplasty

² Coronary artery bypass graft surgery

SOURCE: Selected RAND studies.

claims data, medical records, and patient surveys. This system should be adopted for national, regional, and local monitoring of quality and could guide the development of improved information systems that will expand the capacity to monitor and improve quality. Routine and widespread implementation of more clinically sophisticated systems should be among the highest priorities of the public and private sectors.

Abortion

Recognize the unintended but probable effects of abortion policies on out-of-wedlock births. Access to abortion is arguably more restricted now than at any time since the *Roe v. Wade* ruling in 1973. Beginning in 1976, the federal Hyde Amendment and a series of federal court decisions ended federal matching funds for Medicaid-funded abortions and ruled that states did not have to fund abortions themselves. Most states have since stopped the funding. The 1996 Personal Responsibility and Work Opportunity Act (the federal welfare reform law) then offered financial bonuses to states that could show decreases in abortions as well as in out-of-wedlock births. Today, the national abortion rate is at its lowest since 1975. However, a recent RAND study suggests that out-of-wedlock births would decline considerably if abortion were more widely available. The RAND study finds that Medicaid funding of abortions considerably lowers fertility, especially among the young black women who are most likely to receive welfare. This result suggests the need for a careful reexamination of the relative importance of reducing nonmarital fertility and reducing the number of abortions.

has been generally recognized as extremely successful. Even as other public assistance programs were being cut back, Presidents George Bush and Bill Clinton both pledged to increase federal funding for Head Start to serve more children. However, it would be prudent not to expect too much from this program alone. Recent research suggests that while children who participate in Head Start have better reading and vocabulary skills than they would otherwise upon starting school, many of those children quickly fall behind their peers. Specifically, the benefits associated with Head Start appear to persist well into adolescence among white and Latino children; but, among black children, the benefits fade out within a few years. While there could be many contributing factors, the quality of schools is probably part of the story. White children who attend Head Start are likely to subsequently attend schools of the same quality as whites who do not attend Head Start. But black children who attend Head Start are more likely to subsequently attend inferior schools than black children who do not attend Head Start. Giving disadvantaged preschoolers a helping hand for a year or two will not inoculate them against the ravages of poverty for the rest of their lives. Rather, we need to invest in improving their prospects throughout their early lives.

Invest in proven early childhood programs that can benefit disadvantaged children. Government funds invested early in the lives of disadvantaged children can provide significant benefits and could result in future savings to the government and taxpayers. Some proven programs can help overcome the limitations that may characterize the environments of disadvantaged children during their first years of life. These programs can improve child health and educational achievement, offer parent training, and connect families to social services. As a result, the children may spend less time in special-education classes, the parents (and, later, their children) may spend less time on welfare or in the criminal justice system, and all participants may ultimately earn more income and pay more taxes. However, investing in proven programs implies the ability to prove their value through sustained research and development (R&D). Some activists are advocating a national investment in such programs in the hundreds of millions or billions of dollars. But

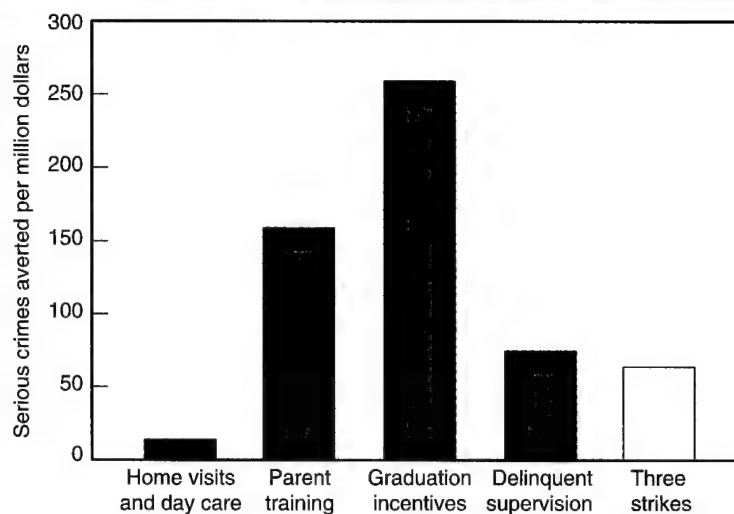
**Government
funds invested in
disadvantaged
children could result
in future savings.**

Children

Invest in children beyond just Head Start. The Head Start preschool program is designed to level the playing field by helping poor children start school on an equal footing with their more advantaged peers. The program

research is needed into why some programs work, especially if the intent is to expand them on a larger scale. A modest R&D expenditure now could ensure that maximum benefits would come from a much larger program expenditure over the long run. In the areas of health, energy, and transportation, the nation spends 2 to 3 percent of all expenditures on R&D to improve the efficiency and effectiveness of the rest of the spending. Yet the nation devotes less than half of 1 percent of its spending on children and youth on R&D. We are almost certainly underinvesting in R&D related to children.

Cost-Effectiveness of Early Interventions Compared with That of California's Three-Strikes Law



SOURCE: *Diverting Children from a Life of Crime*, 1998.

Invest in proven programs that can divert children from crime. Despite headlines about falling crime rates, the rate of violent crime in the United States is several times higher than that in most industrialized democracies. In this country, most of the money for fighting crime goes toward incarceration; much less attention goes to diverting youth from crime to begin with. However, interventions for high-risk youth can be several times more cost-effective in reducing serious crime than even California's tough "three-strikes" law that mandates lengthy sentences for repeat offenders. Three interventions look promising: (1) four years of cash and scholarship incentives to help poor youths graduate from high school and enter college, (2) parent training and family therapy for families with elementary-school-age children who show aggressive behavior or begin to "act out" in school, and (3) monitoring and supervising high-school youth who have already exhibited delinquent behavior. The three-strikes law averts about 60 serious crimes per million dollars spent. For the same amount of money, graduation incentives could avert more than 250 serious crimes; parent training, more than 150 serious crimes; and delinquent supervision, more than 70 serious crimes (see figure). These interventions could also take some of the burden off prisons and make the three-strikes law more affordable. None of this suggests that incarceration is the wrong approach. But it should not be

the only approach. The three-strikes law might reduce serious crime by about 20 percent. For a fraction of the cost, adding graduation incentives, parent training, and delinquent supervision could reduce serious crime an *additional* 20 to 25 percent. Broader demonstrations of these programs would be an investment worth the cost.

Income Inequality

To address growing income inequality, adopt multiple strategies from a menu of options. Over the past three decades, through Republican and Democratic administrations, the income gap between rich and poor has steadily widened. There have been not only relative losses at the bottom of the income ranks but absolute declines as well. The poorest 25 percent of Americans in 1995 had incomes lower than the poorest 25 percent of Americans in 1973. Just as there is no single cause behind the widening disparity, there is no magic bullet to reverse the trend. Rather, a multipronged approach will be needed to bring about shifts in income and wages. The available policy options can address three potential goals: (1) to narrow the gap in income and wages; (2) to raise the floor for the poor, without necessarily narrowing the gap; and (3) to alleviate the nega-

A Menu of Policy Options to Address Income Inequality

Options	Policy Goal			Initial Effect	
	Narrow the Gap	Raise the Floor for the Poor	Alleviate Shocks	Short Run vs. Long Run	Incomes vs. Wages
FISCAL POLICIES					
Tax progressivity	■	■	■	Short run	Incomes
Earned income tax credit	■	■	■	Short run	Incomes
Transfer payments	■	■	■	Short run	Incomes
MACROECONOMIC POLICIES					
Economic growth	■	■	■	Short run	Incomes
LABOR MARKET POLICIES					
Union strength	■	■	■	Long run	Wages
Minimum wage	■	■	■	Short run	Wages
Demand for low-skilled workers	■	■	■	Long run	Wages
Portable benefits	■	■	■	Short run	Wages
HUMAN CAPITAL INVESTMENTS					
Education	■	■	■	Long run	Wages
Training/retraining	■	■	■	Long run	Wages
Early childhood investments	■	■	■	Long run	Wages
FAMILY DECISIONMAKING					
Child support payments	■	■	■	Short run	Incomes
NOTE: ■ = weaker role; ■ = stronger role; ■ = uncertain role					
SOURCE: "Growing Economic Disparity in the U.S.," 1998.					

tive effects of economic dislocation (see table). Traditional government tax and transfer policies that redistribute income from the upper to the lower ranks of the income scale can help address the first two goals. Stimulating more economic growth is most likely to achieve the second goal; and if all incomes grow with economic expansion, faster growth at the top may not be as alarming. Various labor market policies, such as raising the minimum wage, can also improve the absolute standard of living for the poor. Human capital investments, from early childhood programs to traditional K-12 education, can address all three goals delineated above. Other policies more relevant to the third goal alleviate the negative consequences of job loss or family breakup: making health insurance and pension benefits more portable, providing worker education and training, and enforcing child support pay-

ments more aggressively. As shown in the table, all these policy options differ in the extent to which they promote either short-run or long-run changes in incomes or wages.

Drugs and Crime

Pursue a drug control strategy that emphasizes treatment and conventional sentences over foreign interdiction and eradication. Brewing U.S. involvement in Colombian drug battles could reignite the debate over the allocation of drug-control dollars between reducing supply abroad and reducing demand at home. Research has shown that, given current budget allocations, the most cost-effective way to reduce cocaine

consumption in the United States is to spend more money domestically on drug treatment programs. For each additional million dollars spent, treatment can reduce cocaine consumption nationwide by a net present value of more than 100 kilograms. The second most cost-effective strategy is to impose conventional sentences (not mandatory minimums) on high-level drug dealers prosecuted at the federal level. At the other end of the spectrum, two of the least promising strategies include the interdiction of cocaine en route from source countries and the eradication and seizure of cocaine products abroad using traditional tactics. For each additional million dollars spent, traditional tactics of foreign eradication and seizure would reduce cocaine consumption in the United States by a net present value of only 10 kilograms—just one-tenth the amount reduced by domestic treatment programs. Newer tactics of foreign eradication and seizure are being employed in source and transit zones, and it remains to be seen whether these tactics are much better, but the past record gives cause for some skepticism. Meanwhile, model school-based drug prevention programs can play a role in managing the drug problem, but they cannot by themselves solve the problem.

Repeal federal mandatory minimum sentences as a matter of efficiency, if not justice. For many reasons, crime rates are currently low, while prison populations and incarceration costs are way up. But current sentencing policies are not necessarily cost-effective. For example, federal mandatory minimum sentences now impose very long sentences. One federal law requires that a person convicted of possessing a half kilogram or more of cocaine powder be sentenced to at least five years in prison. Many states impose similarly lengthy sentences for drug crimes. Yet if reducing cocaine consumption is the goal, more could be achieved by spending the additional amount of money arresting, prosecuting, and sentencing a greater number of dealers to standard prison terms rather than sentencing fewer dealers to longer, mandatory terms. It would be more cost-effective to repeal mandatory minimum sentencing laws and expand the number of enforcement agents, prosecutors, and judges enough to hold constant the total spending on drug enforcement. Similarly, California's tough "three-strikes-and-you're-out" law for mandatory sentencing of repeat offenders is not the most cost-effective option available. An alter-

native approach—guaranteeing full terms for *all* serious offenders, even first-timers, with *no* imprisonment for many minor felons—would produce the same reduction in serious crime at lower cost.

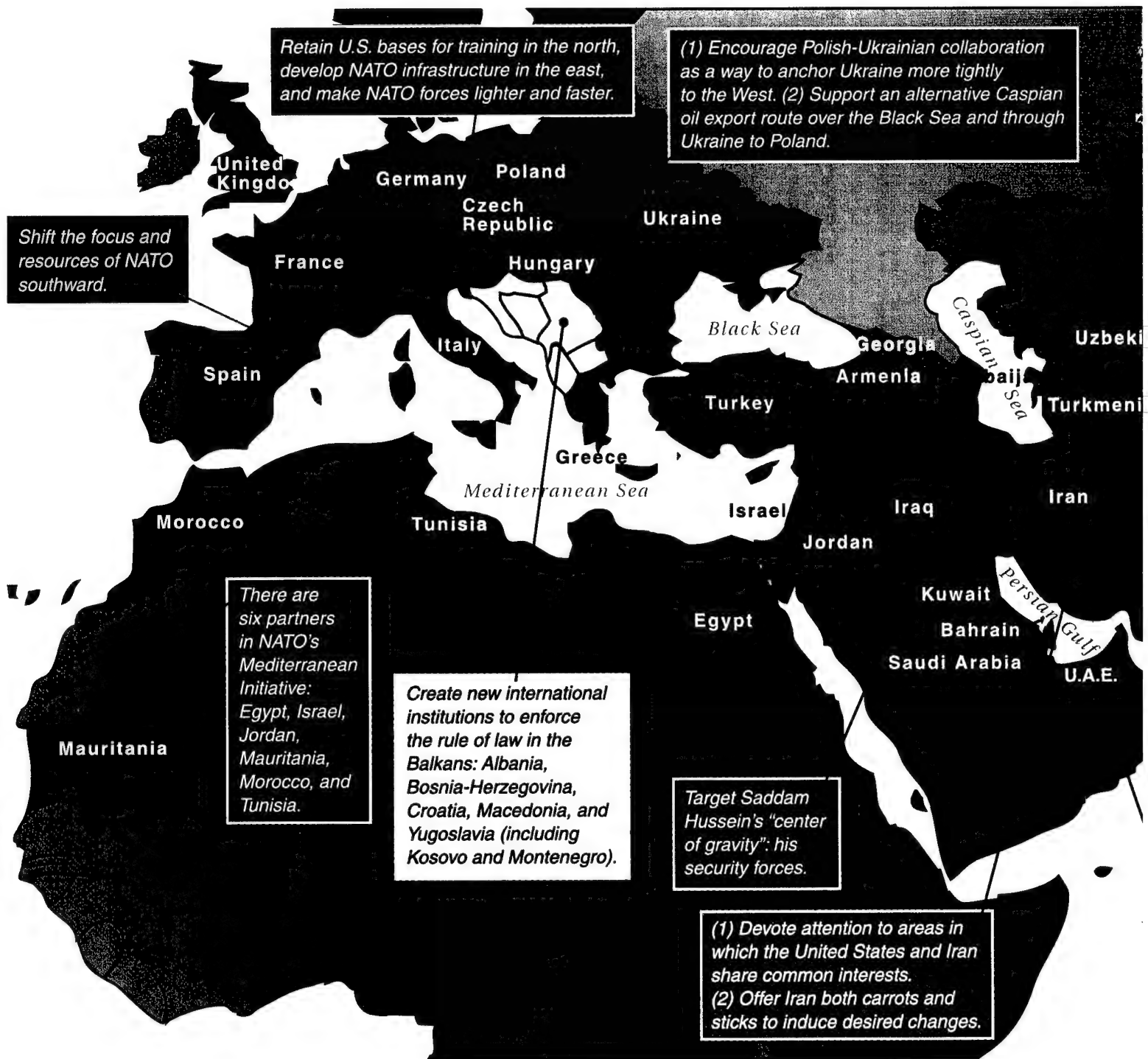
Air Safety

Increase funding for the National Transportation Safety Board, and bolster its independence. It took more than four years for the National Transportation Safety Board (NTSB) to investigate the 1994 crash of USAir Flight 427 near Pittsburgh. And the final report has yet to be issued on the cause of the 1996 crash of TWA Flight 800 off the coast of Long Island. Failure to quickly determine the causes of aviation accidents and take steps to prevent similar accidents can have deadly consequences for travelers. Yet the 400-member staff of the NTSB is overworked and inadequately equipped. It is imperative that the NTSB receive additional resources, including more staff and improved testing and training facilities, to maintain its traditionally high standard of performance in ensuring safe air travel. The agency also needs to reform its management practices to maintain its reputation as the most important independent safety investigative authority in the world. Specifically, the agency needs to augment the "party process," which allows interested stakeholders—such as airlines, aircraft manufacturers, and the Federal Aviation Administration—to join in crash probes. These same stakeholders are likely to be named defendants in high-stakes civil litigation, creating potential conflicts of interest. Therefore, the party process should include experts from academia, NASA, the Department of Defense, and other independent analysts to ensure the integrity of future investigations.

The agency also should update its investigative procedures to keep pace with modern aircraft design, investigate nonfatal incidents and breaches of security more aggressively, and expand the "statement of probable cause" of an accident to include all contributing causal factors listed in rank order. ■

**It is imperative
that the NTSB
receive additional
resources.**

World of Decision



Focus on the health needs of Russians in the short term, while endorsing economic reforms for the long term.

Avoid reinforcing the "strategic partnership" between Beijing and Moscow.

Adopt a new, blended strategy of "conengagement" toward China.

Prepare for potential upheaval on the Korean Peninsula.

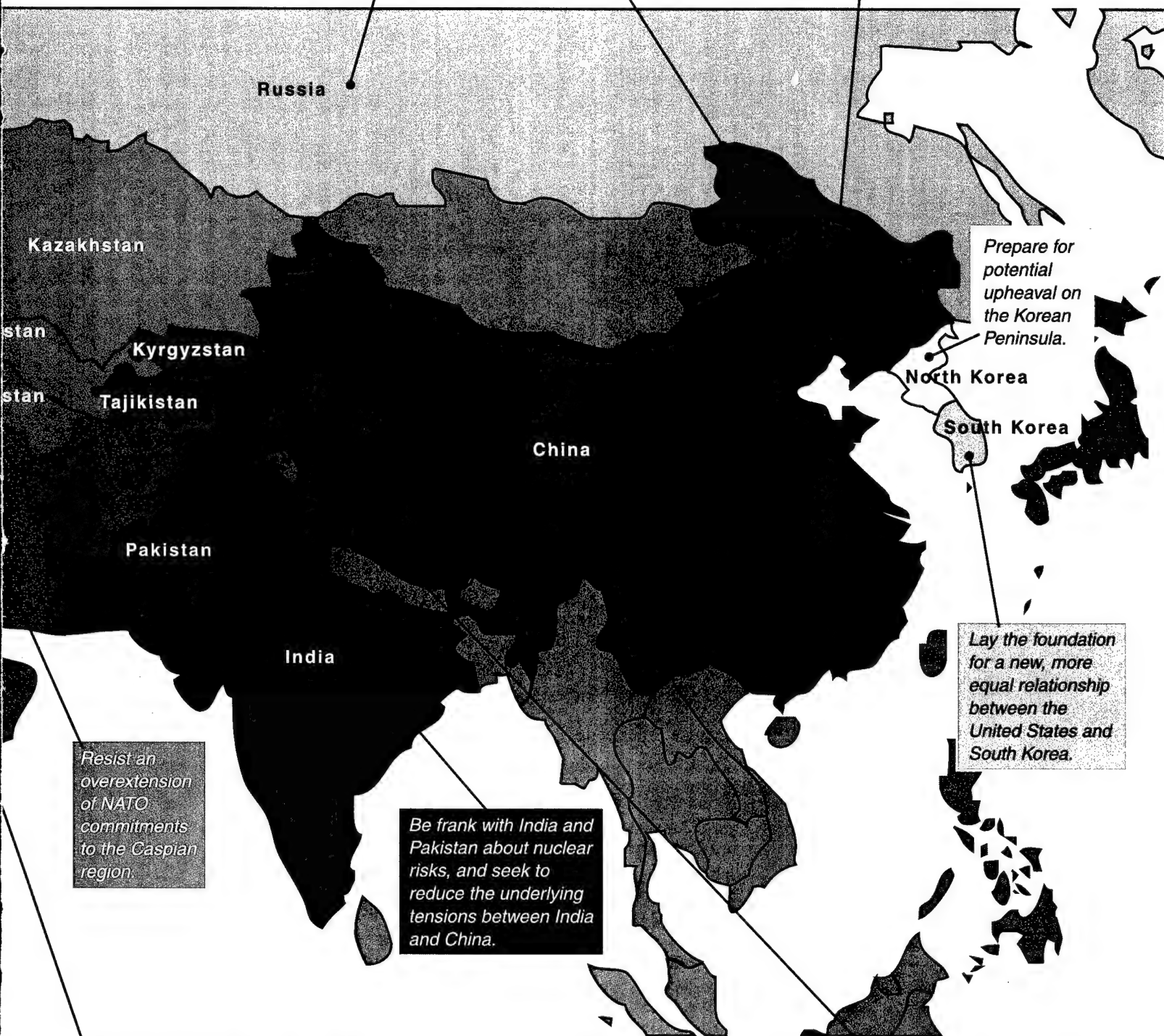
Lay the foundation for a new, more equal relationship between the United States and South Korea.

Be frank with India and Pakistan about nuclear risks, and seek to reduce the underlying tensions between India and China.

Do not allow an unreasonable fear of Chinese expansionism in Central Asia to obscure our common interests.

Pursue diplomatic and military initiatives to reduce political violence around the Persian Gulf, especially in Saudi Arabia, Bahrain, Kuwait, and the United Arab Emirates.

Resist an overextension of NATO commitments to the Caspian region.



Foreign Policy for A World of Decision

Perhaps no job will be more important for the next president than to maintain the unusually peaceful environment that has allowed the world's economy to flourish and democracy to emerge in so many countries. To help the next administration promote further economic and democratic progress around the world, we offer recommendations specific to various geographic regions, stretching mostly from the western fringes of Europe and Africa to the eastern edges of Asia.

Across this vast expanse, Russia and China could pose the biggest challenges of all. Although our recommendations specific to Russia and China appear to be small in number, the shadows of these two countries reach deep into our recommendations for other geographic areas as well, notably Europe, Central Asia, and South Asia.

In addition to managing the sensitive relationships with Russia and China, the next president will bear considerable responsibility for determining the future of NATO, ensuring access to the Persian Gulf, and containing conflicts with countries ranging from Yugoslavia to Iraq to Cuba.

Beyond regional challenges, the next president will shoulder obligations of a distinctly global nature. People around the world will look to the U.S. president for leadership in marshaling international efforts against arms proliferation, protecting the global environment, and bestowing international aid across a needy planet.

In all areas of foreign policy, it will be exceedingly difficult for the United States to succeed on its own. Strengthening relations with our allies—and adding new ones—could mean the difference between failure and success. The pages that follow offer further pointers from RAND research.



Europe and Its Perimeter

Shift the focus and resources of NATO southward. Fresh conflicts in Kosovo and Iraq have spotlighted the risks emanating from NATO's southern periphery. At the alliance's 50th anniversary summit in Washington last year, NATO identified the Mediterranean as a key area for countering terrorism, countering the proliferation of weapons of mass destruction, responding to humanitarian crises, projecting power, and ensuring energy security. NATO's outdated infrastructure in the south must be improved. The front-line states for NATO are now Turkey, Greece, Italy, and Spain. The United States and Europe need to assist Greece and Turkey in their efforts toward détente and reduce their risk of conflict over Cyprus or the Aegean Sea. Such a conflict could jeopardize the role Turkey could play in projecting power toward the Persian Gulf and Caspian Sea. Italy's proximity to the Balkans and North Africa gives it a critical role in responding to crises in these areas. Some U.S. Air Force assets should be transferred from the congested north of Italy to the south. Italy and possibly Turkey would also be ideal spots for new

multinational centers for air operations. Spain will be important in supporting humanitarian and peace-keeping operations in Africa, particularly in the coastal and mountainous Maghreb region of Morocco, Algeria, and Tunisia. The return of France as a full NATO partner would be a transforming event in strategy toward the south and should be a priority of U.S. policy. NATO forces might also negotiate greater access privileges in the Balkans and the Caucasus and pursue more defense-related cooperation with the partners in the alliance's new Mediterranean Initiative, an ongoing dialogue with six countries in North Africa and the Middle East.

Retain U.S. bases for training in the north, develop NATO infrastructure in the east, and make NATO forces lighter and faster. For political, economic, and training reasons, the United States should continue to deploy forces at its main bases in the United Kingdom, Germany, and Italy, where the facilities are well-equipped to support personnel and their families. However, NATO should also work steadily to improve

the infrastructure in countries on its eastern borders so that any deployed air and ground forces could readily conduct operations within and beyond the expanded treaty area. Prodded by the United States, NATO allies are coming to the consensus that their military forces must be better prepared for operations in defense of common interests outside the NATO treaty area. The European allies need to make substantial investments in new transportation, communications, and logistics assets to make their forces more capable of rapid deployment and sustained operations away from their home stations. If some portion of U.S. Army forces stationed in Europe were reconfigured from heavy to light infantry, they would also be more deployable and better suited to the full range of missions they are likely to conduct.

Only international oversight and recourse can ensure the rule of law in the Balkans.

Create new international institutions to enforce the rule of law in the Balkans. Only international oversight and recourse can assure the peoples of the Balkans that the rule of law will operate impartially to protect their lives, rights, and property and prevent local police and court intimidation. Arms control

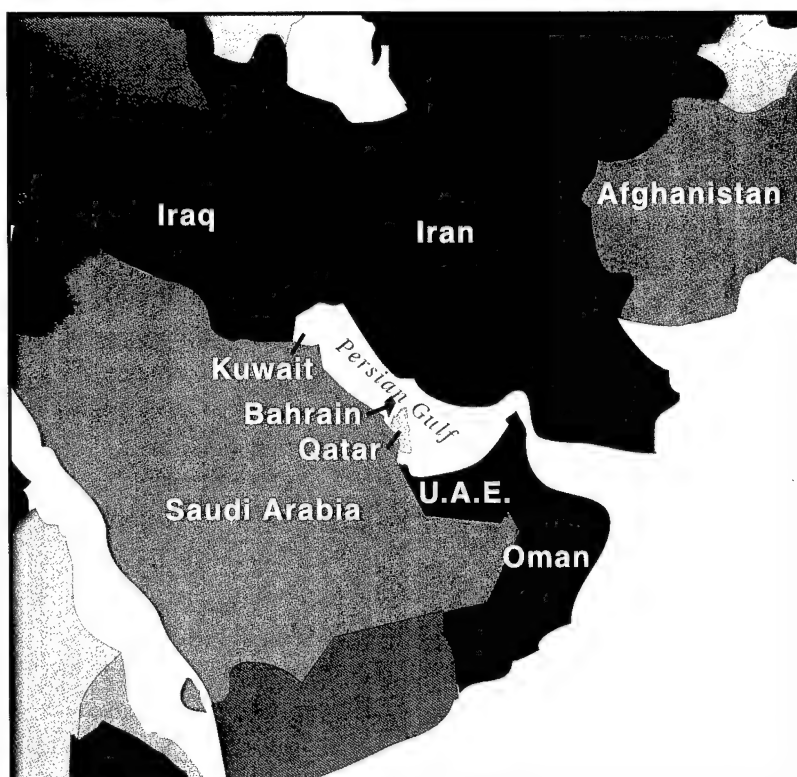
officials from the United States and Europe should push for the following four measures under the auspices of the Organization for Security and Cooperation in Europe: (1) Increase the number of police monitors to prevent police harassment; (2) establish an international courthouse for registering deeds, wills, and other important papers; (3) establish an international court of appeals to retry local civil and criminal cases; and (4) insert international news teams in the region to offset the propaganda broadcast by factional media.

Encourage Polish-Ukrainian collaboration as a way to anchor Ukraine more tightly to the West. The greatest threat to Ukraine's independence is not military but economic. The lack of a coherent economic reform program could perpetuate Ukraine's dependence on the Russian market and imperil Ukraine's ability to integrate into Euro-Atlantic institutions. The Kuchma-Gore Commission, a binational commission chaired by Ukrainian President Leonid Kuchma and Vice Presi-

dent Al Gore, has helped Ukraine develop close ties to the United States since 1994. But the slow pace of economic reform has undercut support for Ukraine in the U.S. Congress. During the late 1990s, however, Ukraine and Poland have succeeded in overcoming past animosities and developing remarkably cordial relations, even fielding a joint battalion intended to be used in international peacekeeping operations under NATO and U.N. aegis. Poland serves as Ukraine's gateway to the West, and if Ukraine's economy begins to stabilize, Ukraine will become a much more attractive partner for Poland and other countries in Central Europe.

Russia

Focus on the health needs of Russians in the short term, while endorsing economic reforms for the long term. Demographic pressures may dictate Russian security and domestic policies for the foreseeable future. Deaths now exceed births in Russia, life expectancy for males has dropped to its lowest level since the 1950s, and Russia's abortion rate is one of the highest in the world. Several factors have contributed to these trends: massive alcohol consumption, decades of neglect of the health care system and of the environment, and an economy in long-term decline. The overall result is a disproportionately older population of women over 60 with an unusually scanty population of children under 10. With a smaller population approaching military age, Russia may have to continue to rely on nuclear weapons. Countries losing population often seek to replace military manpower with new technology, but Russia cannot finance technological modernization, and it lacks an alliance with a modern military, such as NATO. Yet the United States can help Russia with some health problems. Russians need more access to contraceptives to cut abortion rates, and Russia plans ambitious public education campaigns on alcohol and tobacco. The United States can share its successes in both areas. The dire demographic pressures will weigh on Russia for years to come, though, affecting everything from schools for the young to pensions for the old. The broader challenges might be met only by long-term economic stability.



Persian Gulf

Devote attention to areas in which the United States and Iran share common interests. The past few years have seen a gradual decline in acrimony between the United States and Iran. But three issues that have traditionally divided the two countries remain significant: (1) Iran's support for terrorism, (2) Iran's opposition to the Arab-Israeli peace effort, and (3) Iran's attempts to acquire weapons of mass destruction (WMD). One way to transcend some of these divisions is to focus on common concerns. These concerns include the continuing threat of Iraqi President Saddam Hussein, whose WMD capabilities arguably justify attempts by Iran to develop its own WMD capabilities; the excesses of the Taliban in Afghanistan, in whom neither Washington nor Tehran places much confidence; and drug trafficking, on which Iran has taken a hard line. Domestic tensions inside Iran, however, complicate a possible rapprochement with the United States. On the one hand, the United States cannot ignore the friendly overtures of moderate Iranian President Mohammad Khatami. On the other hand, excessive U.S. attention to Khatami could backfire, because his domestic competitors seek new pretexts for conflict with the United

States as a way to undermine him. In this environment, whatever Washington does will be criticized or misinterpreted by some in Tehran. There is no ideal position for the United States. Perhaps the most it can do is pursue common regional interests with Iran while, at the same time, making it abundantly clear that the United States has no involvement in domestic Iranian politics.

Offer Iran both carrots and sticks to induce desired changes. U.S. attempts to influence Iran with penalties but without incentives have failed. Washington has been unable to force Iran to change behavior in three key areas: sponsoring terrorism, opposing the Arab-Israeli peace process, and

acquiring weapons of mass destruction. U.S. economic sanctions have only made it easier for hardliners in Tehran to blame economic stagnation on their victimization by the United States. Washington needs to rely on inducements for change as well as sanctions for noncompliance. Initially, Washington should offer moderate Iranian leaders something tangible, such as the phased release of frozen Iranian assets, in exchange for progress on one or more of the three areas of key concern. Sanctions should be retained but targeted to specific policies, with inducements offered for alternative policies. Continued sanctions can even help the moderates, who can highlight the costs of certain policies. Future U.S. demands should be formulated to make it harder for Iranian conservatives to depict the process as a "sellout" to the United States. Engagement should be seen as the result of mutual compromise, rather than as a victory by one side over the other. In the process, Iran can pursue its economic goals while gaining regional stature as a result of its growing recognition and acceptance by the world's premier power.

Washington should offer moderate Iranian leaders something tangible.

Target Saddam Hussein's "center of gravity": his security forces. Nearly a decade of military strikes, economic sanctions, and political isolation have failed to force the Iraqi dictator to relinquish his ambitions for regional hegemony, dismantle his weapons of mass destruction (WMD), repay Kuwaitis for war atrocities, or comply with other international demands. Over the past 25 years, though, he has bowed to foreign pressure when it threatened his domestic power base: the vast internal security apparatus indispensable to his continued rule over the Iraqi state. This apparatus includes elite military and paramilitary organizations—the Republican Guard and the Special Republican Guard—as well as intelligence and security agencies whose ranks are filled with Hussein loyalists. Military strikes, economic sanctions, and popular unrest influence his behavior when they directly threaten the privileged position of his loyalists. If the United States expects to coerce Hussein in the future, Washington will need to level a triple threat: (1) Keep him contained, with continued economic sanctions and military encirclement, to deter his regional ambitions; (2) strike back aggressively against the elite military and security forces whenever Hussein refuses to surrender his WMD stockpile or adhere to other obligations to the United Nations; and (3) support the Iraqi opposition with arms, training, intelligence, diplomatic support, rewards for defection, and safe haven in neighboring states. The opposition does not have to be victorious, but it must be credible enough to make Hussein more susceptible to the other coercive threats. To make this three-pronged strategy work, the United States must find the political will to conduct sustained military operations, and Washington must prepare its allies and the U.S. public for the possibility of innocent Iraqi deaths, since Hussein has demonstrated a willingness to engage in wholesale slaughter to ensure that he kills his opponents, even if it means killing innocents as well.

Pursue diplomatic and military initiatives to reduce political violence around the Persian Gulf. Political violence, including terrorism and politically motivated killings, took the lives of hundreds of U.S. soldiers and civilians in the Middle East in the 1980s and 1990s and remains a serious threat for the coming decades. Political violence around the Persian Gulf—specifically in Saudi Arabia, Bahrain, Kuwait, and the United Arab

Emirates—is particularly worrisome, because these nations are critical to Western energy security and are threatened by Iran and Iraq. Several changes in U.S. policy could reduce the vulnerability of U.S. forces in this region, but all these changes would involve trade-offs that might limit U.S. military effectiveness or counter U.S. political goals. The changes include: (1) Encourage political and economic reforms to decrease popular hostility to regional governments; (2) reduce the number of U.S. troops in the region, while basing more troops immediately outside the region, especially in Turkey, and increasing their speed and lethality; (3) encourage Europe to share regional leadership and responsibilities; (4) strengthen the diplomatic partnership between the United States and regional governments by sharing more information and presenting a united front against common threats; and (5) increase military contacts between the United States and regional governments to improve intelligence and deepen cooperation. Even if the causes of political violence can be reduced, the United States will still have to pay a high degree of attention to protecting its soldiers and citizens in and around the Gulf.

Central Asia

Resist an overextension of NATO commitments to the Caspian region. Since the mid-1990s, the area around the Caspian Sea has sparked a dramatic rise in Western interest, spurred largely by a Western desire to exploit Caspian oil and gas. The countries of the region have likewise reached out to NATO to bolster their security and reduce their dependence on Russia. Some observers say the region is an area of Western interest “vital” enough to require the deployment of NATO forces to ensure energy security and counteract Russian hegemony. Wrong. Even if the region becomes a major source of oil and gas, which is uncertain, its total potential contribution to global energy supplies will be modest. Russia, meanwhile, will lack the strength to prevent Western access to the region or dictate the policies of the Caspian states. In fact, the most serious threats to the security and stability of the Caspian states are internal. Western policy should therefore focus on helping these states overcome their political, economic, and social challenges. NATO’s role, through



the Partnership for Peace program, should be restricted to advisory assistance, training, and guidance on military reforms. The Western allies should consider offering higher levels of aid to countries that demonstrate a real commitment to democratic reforms. For Russia, the establishment of stable, prosperous, and independent states along its periphery is in its own legitimate interests of ensuring secure, stable borders. NATO initiatives in the region need not work at cross-purposes with a strategy of engaging Russia.

Support an alternative Caspian oil export route over the Black Sea and through Ukraine to Poland. Current options for exporting Caspian oil are beset with political and logistical problems. At the same time, Russia's increasing stranglehold over Ukraine's energy imports bodes ill for that nation's ability to maintain its hard-won sovereignty. Both problems could be ameliorated by developing a Caspian oil pipeline through Ukraine. To date, however, the United States has supported just one pipeline route for Caspian oil: from Baku, Azerbaijan, to Ceyhan, Turkey, on the Mediterranean Sea. This route offers tremendous political advantages: It avoids Iran and Armenia, slices northward through

NATO Partnership for Peace states Azerbaijan and Georgia, and traverses southward through longtime NATO ally Turkey. But the route would take longer and cost more to build than almost any other alternative. It passes through harsh terrain and secession-minded regions of Georgia and Turkey. Constructing the pipeline and ensuring its security both pose significant challenges. If the United States wants to ensure a safe and secure route for Caspian oil, it cannot look solely to Baku-Ceyhan. Without reneging on that initial commitment, Washington can support a "complementary" route as a short-term option to get the oil to market while the Turkish pipeline is under construction. A short-term complement would also hedge against the long-term failure of the Turkish route. In these respects, a Ukrainian route offers real potential. For years, Ukraine has advocated a route that would go through Azerbaijan and Georgia using an already existing pipeline, then over the Black Sea via tanker, and then through Ukraine to Poland. Most of the Ukrainian pipeline already exists as well. Ukraine's ongoing improvements to its pipeline and refinery infrastructure, combined with some foreign assistance,

A Ukrainian pipeline route offers real potential.

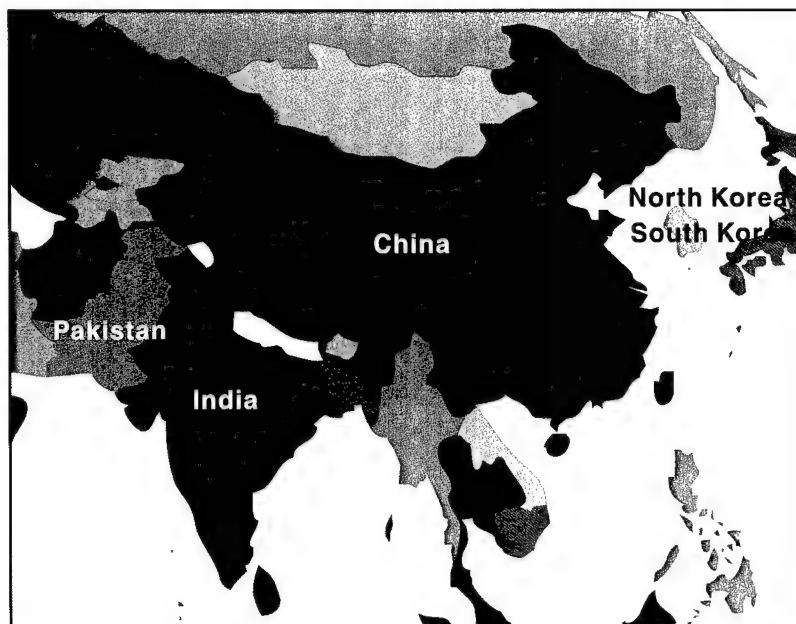
would make the pipeline ready to transport oil in the next few years, while Baku-Ceyhan is being built, and able to process larger quantities later. The price tag would be relatively small, an estimated \$1 billion, compared with \$2.5–\$4 billion for the Baku-Ceyhan route. Problems with the Ukrainian route include Ukraine's abysmal investment climate and lack of energy sector reform. Current tax laws penalize, rather than invite, foreign investors. And Ukraine's energy sector is among the least efficient in the world. U.S. support for any Ukrainian pipeline must be made contingent on Ukrainian economic reforms. Fortunately, Ukraine today has a reform-minded government. And Ukraine has a mighty incentive: If it is to hold on to its independence, it needs to reduce its energy dependence on Russia, which means it needs this route for Caspian oil—and soon. Otherwise, Ukraine, an avid member of NATO's Partnership for Peace program, may end up calling on the United States and its NATO allies for defense against Russia.

Do not allow an unreasonable fear of Chinese expansionism in Central Asia to obscure our common interests. China, too, seeks access to the energy resources of Central Asia and has reached an agreement with Kazakhstan to build a pipeline to bring Kazakh oil to energy-hungry East Asia. But the primary objective of China in Central Asia is to retain the territorial integrity of its own western province, the volatile Xinjiang-Uighur Autonomous Region, scene of Turkic and Muslim separatist agitation. Chinese policy seeks to maintain stability and contain ethnic, religious, and nationalist separatism through economic development, trade, and commercial relationships with the Central Asian countries on its western border. Like America and its allies, China wishes to contain the spread of radical Islam, reduce the dependence of Central Asian states on Russia, promote their stability and development, transport their oil to international markets, and open up their economies to the outside world. In these ways, China's role in Central Asia complements U.S. policy goals for the region. While China may develop a dominant influence in areas of Central Asia near its western border, there is little threat of China dominating the region in a manner that restricts U.S. access. There are simply too many other actors in the region.

Avoid reinforcing the "strategic partnership" between Beijing and Moscow. The recently forged partnership between China and Russia, a thinly veiled attempt to reduce U.S. global influence and power, may itself collapse beneath the weight of regional rivalry in Central Asia. China's economic growth and Russia's economic turmoil in recent years portend a dramatic reversal in the balance of Russian and Chinese power. In the next 10 to 20 years, Russia is likely to become more concerned about the potential threat of growing Chinese power than it is about the enduring American power. Thus, the United States is an important variable in how Sino-Russian relations evolve. Greater tension in Sino-U.S. and Russian-U.S. relations will produce a stronger rationale for Russia and China to subordinate their differences in the interest of resisting the stronger and more threatening American power.

China, South Asia, and East Asia

Adopt a new, blended strategy of "conengagement" toward China. The past two presidential administrations have described their strategy toward China as one of engagement. Engagement rests on the hope that economic, political, and military connections will either transform China into a cooperative democracy or at least lead to a mutual understanding of some common key interests. In the meantime, however, engagement helps China develop economically and militarily into a potentially more threatening adversary. Some on Capitol Hill argue that engagement already has failed. They claim that China is destined to become a major threat to the United States. They assert that the United States must move from engagement to containment. But containment is equally troublesome: It presupposes conflict where there presently is none, a presupposition that could become a self-fulfilling prophecy. Neither engagement nor containment is adequate for dealing with China. Neither balances the two principal U.S. objectives: to encourage China to become more democratic and cooperative while, at the same time, protecting U.S. interests in case China becomes more hostile. The next administration should transcend both containment and engagement and opt instead for a mixed strategy of "conengagement." Under conengagement, the United States would enhance military, economic, and political relations with China—but



the region. For example, resolution of India's border disputes with China could hasten the force reductions that have begun in the last few years along the Sino-Indian border. Steps like these, rather than Indian and Pakistani deployment of vulnerable nuclear forces, hold the key to stability in South Asia.

Prepare for potential upheaval on the Korean peninsula. Despite signs of reduced tensions, including the recent summit between North and South, the dire economic and political conditions in North Korea could still provoke an

would also hedge its bets. For example, the United States would: (1) prevent the Chinese military's acquisition of weapons that would be difficult to counter, (2) strengthen existing export controls among U.S. allies to further restrict Chinese access to the Western technologies relevant to the most dangerous weapons systems, and (3) strengthen U.S. military capabilities and those of its friends in East and Southeast Asia to deter and resist potential Chinese aggression.

Be frank with India and Pakistan about nuclear risks, and seek to reduce the underlying tensions between India and China. In the aftermath of their 1998 nuclear tests, both India and Pakistan are unable to deploy a nuclear force that could survive a first strike. Because Indian nuclear forces would be unlikely to withstand a Chinese first strike, Indian deployment of nuclear weapons would actually make a Chinese nuclear strike *more* likely. This reality—combined with the risks of accidents, theft, unauthorized use, and the drain of resources away from conventional military forces—makes it clear that India would only *decrease* its security by deploying nuclear forces. Nuclear weapons would present both India and Pakistan with substantial risks and expenditures, and the risks to the rest of the world are undeniable. The United States needs to level with India and Pakistan about the nuclear mess they are making. The United States should also explore what could be done to alleviate the underlying tensions in

array of unpredictable consequences. All major powers, including the United States, hope to avoid acute destabilization in the north by extending food, energy, and economic assistance to the north. Notwithstanding these efforts, Korean unification could still result under four widely different scenarios: (1) peaceful integration, (2) collapse of North Korea and unification through absorption, (3) unification through armed conflict, and (4) sustained disequilibrium with potential external intervention. Each scenario entails very different implications for U.S. forces. For nearly five decades, the United States and South Korea have emphasized deterrence of an invasion from the north and defense of South Korea in the event of deterrence failure. Today, however, the spectrum of potential military responsibilities is far greater. Should unification occur, these responsibilities could include dismantling weapons of mass destruction, providing large-scale humanitarian assistance, demobilizing the North Korean armed forces, and rebuilding the north's decrepit infrastructure. The U.S. and South Korean militaries need to outline a set of operational requirements and respective responsibilities under all these potential scenarios. The United States should also establish closer lines of communication with China, including its military leadership, in advance of any major political change. Absent such means of communication, there could be incentives for unilateral action that could trigger a serious crisis.

South Koreans aspire to become more self-reliant in their foreign and security policy.

Lay the foundation for a new, more equal relationship with South Korea. Having achieved rapid economic growth, South Koreans aspire to become more self-reliant in their foreign and security policy. They do wish to continue their alliance with the United States. However, they are moving beyond the cold-war anxiety over North Korean aggression, and they are more discerning about the alliance's role and dubious about the long-term value of the U.S. regional military presence. The key short-term challenge is to ensure that Washington and Seoul pursue complementary approaches toward North Korea. For instance, South Koreans are likely to resist U.S. measures that might risk conflict on the peninsula in the absence of some clear and direct provocation from the north. Three long-term challenges stand out: improving South Korean impressions of their standing with and value to the United States, accommodating growing South Korean self-confidence, and preparing for a post-unification period. Large payoffs could come from three responses: (1) Adjust U.S. diplomatic style to convey greater respect for Korean capabilities and prerogatives; (2) return greater responsibility for North-South issues to the two Koreas themselves, with the United States playing a supporting role; and (3) initiate planning now to prepare for the period after unification. Such planning should focus on redefining what will be the alliance's purpose, military strategy, and division of roles once the two Koreas are unified. The odds of making a successful transition are likely to be much better if planning is initiated *before* unification.

A bipartisan commission on Cuba should be created soon after the presidential election of 2000.

U.S. economic embargo against Cuba and thus deprived the president of his policymaking authority

Cuba

Lift the Helms-Burton law now. U.S. policy toward Cuba suffers under the Helms-Burton Law, signed in the panicked reaction to the February 1996 Cuban shoot-down of two U.S. civilian planes piloted by Cuban-American exiles.

Helms-Burton locked into law the

on Cuba. A majority of the House and Senate must now be persuaded to change this law. The sanctions prescribed by the law against third countries doing business in Cuba were intended to isolate Cuba, but they increasingly isolate the United States. The law enables the Castro government to rally the Cuban people behind it and blame the United States for the island's economic problems. The law's ban on business and tourism precludes the kind of people-to-people contact that could help impel Cuba's eventual transition toward a more open society. And the law's intrusion on presidential authority over Cuba policy could lead to indecisiveness in a crisis situation. Helms-Burton is bad public policy, particularly because it usurps the foreign policymaking authority of the president and damages U.S. relations with allies.

But lift the economic embargo later. There is little evidence that lifting the U.S. embargo today will prod Cuba toward a more open society. If anything, lifting the embargo unconditionally and shoring up the island's economy could serve as a powerful incentive for the regime *not* to enact deeper economic and democratic reforms. As long as Fidel Castro is on the scene, Cuba and the United States will remain divided by contradictory interests: The U.S. goal of a more open, democratic, and market-oriented Cuba is directly at odds with Castro's interests in maintaining his power, playing on the world stage, and assuring his defiant, anti-American legacy. No U.S. president can alter Castro's resistance to change. Fundamental change will have to await his passing or the weakening of his grip on power. Whenever the post-Castro moment arrives, the U.S. president should use the embargo's lifting as leverage to induce the regime to commence the island's democratic transition. Additionally, the U.S. government should be ready with a diplomacy strategy, humanitarian aid program, and economic and technical assistance program to assure the Cuban people that the United States is prepared to assist their democratic transition.

Create a bipartisan national commission to build a consensus on policy toward a Cuba without Castro. There is broad agreement on the ultimate goal of U.S. policy: to promote a free, democratic, and market-oriented Cuba. The deeper, more intractable differ-

ences concern the means by which to achieve this goal. The United States sorely needs a policy consensus to ease the tension between Congress and the executive branch before Castro fades from the scene. The commission needs to propose replacing the current hodgepodge of policies with a more coherent strategy. The commission should be created soon after the presidential election of 2000.

Global Environment

Harness alternative energy technologies, and promote their worldwide distribution. The most politically feasible, economically sensible, and environmentally sound way to prevent global climate change is to improve the alternatives to current fossil fuel systems and accelerate the adoption of these alternatives around the world. Alternative technologies include natural gas turbines, cleaner coal systems, biomass gasification, fuel cells, solar photovoltaics, and wind turbines. For developing countries, the new technologies can eliminate the need to make the painful choice between reducing pollution and developing the economy, because the new technologies can allow developing nations to "grow clean." For industrialized nations, new technologies can lower many of the projected costs of reducing greenhouse gas emissions. New technologies would also be vital if severe consequences from global climate change force the world to vastly reduce its fossil fuel emissions over the course of the 21st century. Therefore, industrialized nations should abolish market-distorting oil and coal subsidies that discourage investment in cleaner fuels. And if the environmental costs of continued fossil fuel consumption are proven to warrant market distortion in favor of cleaner fuels, the United States should redirect subsidies, tax credits, and purchases toward alternative fuel technologies.

Foreign Aid

Preserve U.S. funding for family planning programs overseas. Voluntary family planning programs supported by U.S. foreign aid have benefited developing countries in a variety of ways. By contributing to lower fertility

rates, the programs have helped improve health for children, reduce the risk of maternal mortality, expand educational and economic opportunities for women, ease the burden on schools, and reduce pressures on the environment. In addition, evidence from a number of countries—including Russia, Kazakhstan, Bangladesh, Hungary, and South Korea—shows that family planning, specifically an increased availability of contraception, has cut the number of abortions. Meanwhile, nearly 80 percent of the American public supports U.S. aid for voluntary family planning overseas when it is understood to exclude abortion.

Family planning programs have helped improve health for children, reduce the risk of maternal mortality, expand educational and economic opportunities for women, ease the burden on schools, and reduce pressures on the environment.

Target foreign aid more strategically to further foreign policy objectives. Global demographic trends have implications for U.S. foreign policy. Carefully targeted foreign aid could help some important allies and friends in the developing world restrain their rapid population growth, thus allowing them to conserve resources, develop their economies, and buy time to reform their political systems. A number of developing countries—such as Egypt, Malawi, Bolivia, and the Philippines—are interested in reducing their fertility rates and probably would be interested in more U.S. aid for this purpose. Two kinds of U.S. aid that would be particularly helpful in reducing fertility rates in these countries would be support for family planning efforts and for women's educational programs. ■

Domestic Policy

Education

Class Size Reduction in California: Early Evaluation Findings, 1996–1998, George W. Bohrnstedt and Brian M. Stecher (eds.), Palo Alto, Calif.: American Institutes for Research, 1999. Also available as RAND/RP-803, no charge.

Closing the Education Gap: Benefits and Costs, Georges Vernez, Richard A. Krop, C. Peter Rydell, RAND/MR-1036-EDU, 1999, 224 pp., ISBN 0-8330-2748-4, \$15.00.

Contracting: The Case for Privately Operated Public Schools, RAND/RB-8011, 1995, 2 pp., no charge.

"Crowding Out: Small Classes Teach a Lesson in Unintended Consequences," *RAND Review*, Vol. 23, No. 2, Fall 1999, pp. 8–11, RAND/CP-22 (Rev. 9/99), no charge.

"Estimating the Cost of National Class Size Reductions Under Different Policy Alternatives," *Educational Evaluation and Policy Analysis*, Vol. 21, No. 2, Summer 1999, pp. 179–192, Dominic J. Brewer, Cathy Krop, Brian P. Gill, Robert Reichardt.

Improving Student Achievement: State Policies That Make a Difference, David Grissmer, Ann Flanagan, Jennifer Kawata, Stephanie Williamson, RAND/MR-924-EDU, 2000, 308 pp., ISBN 0-8330-2561-9, \$20.00.

Large-Scale Testing: Current Practices and New Directions, Stephen P. Klein, Laura Hamilton, RAND/IP-182, 1999, 43 pp., no charge.

Reinventing Public Education, Paul T. Hill, RAND/MR-312-LE/GGF, 1995, 142 pp., ISBN 0-8330-1631-8, \$15.00.

Staffing At-Risk School Districts in Texas: Problems and Prospects, Sheila Nataraj Kirby, Scott Naftel, Mark Berends, RAND/MR-1083-EDU, 1999, 106 pp., ISBN 0-8330-2760-3, \$15.00.

Health Insurance Coverage for the Uninsured

"Challenges of State Health Reform: Variations in Ten States," *Health Affairs*, Vol. 17, No. 1, January/February 1998, pp. 191–200, Joel C. Cantor, Stephen H. Long, M. Susan Marquis. Also available as RAND/RP-677, no charge.

"Federalism and Health System Reform: Prospects for State Action," *Journal of the American Medical Association*, Vol. 278, No. 6, August 13, 1997, pp. 514–517, M. Susan Marquis, Stephen H. Long. Also available as RAND/RP-647, no charge.

"Geographic Variation in Physician Visits for Uninsured Children: The Role of the Safety Net," *Journal of the American Medical Association*, Vol. 281, No. 21, June 2, 1999, pp. 2035–2040, Stephen H. Long, M. Susan Marquis. Also available as RAND/RP-798, no charge.

Health Care Coverage for the Nation's Uninsured: Can We Get to Universal Coverage? RAND/RB-4527, 2000, 5 pp., no charge.

"Some Pitfalls in Making Cost Estimates of State Health Insurance Coverage Expansions," *Inquiry: The Journal of Health Care Organization, Provision, and Financing*, Vol. 33, No. 1, Spring 1996, pp. 85–91, Stephen H. Long, M. Susan Marquis. Also available as RAND/RP-519, no charge.

Targeted Health Insurance Coverage

"COBRA Continuation Coverage: Effect on the Health Insurance Status of Early Retirees," *Health Benefits and the Workforce*, Volume 2, 1998, U.S. Department of Labor, Pension and Welfare Benefits Administration, Washington, D.C.: U.S. Government Printing Office, Chapter Four, pp. 73–93, Jeannette A. Rogowski, Lynn A. Karoly.

"The Effect of Access to Post-Retirement Health Insurance on the Decision to Retire Early," *Industrial and Labor Relations Review*, Vol. 48, No. 1, October 1994, pp. 103–123, Lynn A. Karoly, Jeannette A. Rogowski. Also available as RAND/RP-360, no charge.

Extending Health Care Insurance to Specific Populations: Profile of RAND Work, RAND/RB-4529, 2000, 4 pp., no charge.

"Health Insurance May Be Improving—But Not for Individuals with Mental Illness," *Health Services Research*, Vol. 35, No. 1, Part II, April 2000, pp. 253–262, Roland Sturm, Kenneth Wells. Also available as RAND/RP-877, no charge.

"How Expensive Are Unlimited Substance Abuse Benefits Under Managed Care?" *Journal of Behavioral Health Services & Research*, Vol. 26, No. 2, May 1999, pp. 203–210, Roland Sturm, Weiying Zhang, Michael Schoenbaum. Also available as RAND/RP-782, no charge.

"Mental Health Parity Legislation: Much Ado About Nothing?" *Health Services Research*, Vol. 35, No. 1, Part II, April 2000, pp. 263–275, Rosalie Liccardo Pacula, Roland Sturm. Also available as RAND/RP-878, no charge.

"Retiree Health Benefits and Retirement Behavior: Implications for Health Policy," *Health Benefits and the Workforce*, Volume 2, 1998, U.S. Department of Labor, Pension and Welfare Benefits Administration, Washington, D.C.: U.S. Government Printing Office, Chapter Three, pp. 43–71, Lynn A. Karoly, Jeannette A. Rogowski.

"Simulating the Impact of Medical Savings Accounts on Small Business," *Health Services Research*, Vol. 35, No. 1, Part I, April 2000, pp. 53-75, Dana Goldman, Joan Buchanan, Emmett Keeler.

Medicare Coverage of Prescription Drugs

"The Financial Burden of Prescription Drug Use Among Elderly Persons," *The Gerontologist*, Vol. 37, No. 4, 1997, pp. 475-482, Jeannette A. Rogowski, Lee A. Lillard, Raynard Kingdon.

"Insurance Coverage for Prescription Drugs: Effects on Use and Expenditures in the Medicare Population," *Medical Care*, Vol. 37, No. 9, 1999, pp. 926-936, Lee A. Lillard, Jeannette A. Rogowski, Raynard Kingdon.

Prescription Drugs and the Elderly: Policy Implications of Medicare Coverage, RAND/RB-5028, 1999, 2 pp., no charge.

Treatment for Depression

"Care for Depression in a Changing Environment," *Health Affairs*, Vol. 14, No. 3, Fall 1995, pp. 78-89, Kenneth B. Wells, Roland Sturm. Also available as RAND/RP-469, no charge.

Caring for Depression, Kenneth B. Wells, Roland Sturm, Catherine D. Sherbourne, Lisa S. Meredith, Cambridge, Mass.: Harvard University Press, 1996, 262 pp.

"Evidence-Based Care for Depression in Managed Primary Care Practices," *Health Affairs*, Vol. 18, No. 5, 1999, pp. 89-105, Lisa V. Rubenstein, Maga Jackson-Triche, Jurgen Unutzer, Jeanne Miranda, Katy Minnium, Marjorie L. Pearson, Kenneth B. Wells. Also available as RAND/RP-841, no charge.

"How Can Care for Depression Become More Cost-Effective?" *Journal of the American Medical Association*, Vol. 273, No. 1, January 4, 1995, pp. 51-58, Roland Sturm, Kenneth B. Wells. Also available as RAND/RP-370, no charge.

"Impact of Disseminating Quality Improvement Programs for Depression in Primary Care: A Randomized Controlled Trial," *Journal of the American Medical Association*, Vol. 283, No. 2, 2000, pp. 212-220, Kenneth B. Wells, Catherine D. Sherbourne, Michael Schoenbaum, Naihua Duan, Lisa S. Meredith, Jurgen Unutzer, Jeanne Miranda, Maureen Carney, Lisa V. Rubenstein.

Improving the Quality and Cost-Effectiveness of Treatment for Depression, RAND/RB-4500-1, 1998, 4 pp., no charge.

Partners in Care: Hope for Those Who Struggle with Hope, RAND/RB-4528, 2000, 5 pp., no charge.

Partners in Care: Improving Quality of Care for Depression in Primary Care, Lisa Rubenstein, RAND/MR-1198-AHRQ, 2000, 15-volume set, ISBN 0-8330-2832-4, \$275.00 (single set), \$220.00 (per set when buying five or more sets).

Quality of Care

Assessing the Appropriateness of Care: How Much Is Too Much? RAND/RB-4522, 1998, 4 pp., no charge.

"Chronic Condition: Quality Deficiencies Pervade U.S. Health Care System," *RAND Review*, Vol. 23, No. 2, Fall 1999, pp. 18-19, RAND/CP-22 (Rev. 9/99), no charge.

Ensuring Delivery of Necessary Care in the United States: Testimony Presented to the Senate Committee on Health, Education, Labor, and Pensions, Robert H. Brook, RAND/CT-152, March 1999, 11 pp., \$5.00.

"How Good Is the Quality of Health Care in the United States?" *The Milbank Quarterly*, Vol. 76, No. 4, 1998, pp. 517-563, Mark A. Schuster, Elizabeth A. McGlynn, Robert H. Brook. Also available as RAND/RP-751, no charge.

"Managed Care Is Not the Problem, Quality Is," *Journal of the American Medical Association*, Vol. 278, No. 19, 1997, pp. 1612-1614, Robert H. Brook. Also available as RAND/RP-672, no charge.

"The RAND/UCLA Appropriateness Method," *Clinical Practice Guidelines Development: Methodology Perspectives*, Rockville, Md.: DHHS/PHS/AHCPR, 1994, pp. 59-70, Robert H. Brook. Also available as RAND/RP-395, no charge.

"The State of Health Care Quality: How Good Is Care?" *Quality First: Better Health Care for All Americans: Final Report to the President of the United States/The President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry*, Washington, D.C.: U.S. Government Printing Office, 1998, pp. 20-39, Elizabeth A. McGlynn.

Taking the Pulse of Health Care in America, RAND/RB-4524, 1999, 5 pp., no charge.

Abortion

"U.S. Abortion Policy and Fertility," *The American Economic Review*, Vol. 89, No. 2, 1999, pp. 261-264, Jacob Alex Klerman. Also available as RAND/RP-800, no charge.

U.S. Abortion Policy and Fertility, RAND/RB-5031, 2000, 2 pp., no charge.

"Welfare Reform and Abortion," *Welfare, the Family, and Reproductive Behavior: Research Perspectives*, Washington, D.C.: National Institute of Child Health and Human Development, 1998, pp. 98-133, Jacob Alex Klerman. Also available as RAND/RP-717, no charge.

Children

Diverting Children from a Life of Crime: Measuring Costs and Benefits, Peter W. Greenwood, Karyn E. Model, C. Peter Rydell, James Chiesa, RAND/MR-699-1-UCB/RC/IF, 1998, 86 pp., ISBN 0-8330-2623-2, \$15.00.

"Does Head Start Help Hispanic Children?" *Journal of Public Economics*, Vol. 74, No. 2, 1999, pp. 235-262, Janet Currie, Duncan Thomas. Also available as RAND/DRU-1528-RC, no charge.

"Does Head Start Make a Difference?" *The American Economic Review*, Vol. 85, No. 3, 1995, pp. 341-364, Janet Currie, Duncan Thomas. Also available as RAND/RP-440, no charge.

Early Childhood Interventions: Benefits, Costs, and Savings, RAND/RB-5014, 1998, 4 pp., no charge.

Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions, Lynn A. Karoly, Peter W. Greenwood, Susan S. Everingham, Jill Houbé, M. Rebecca Kilburn, C. Peter Rydell, Matthew Sanders, James Chiesa, RAND/MR-898-TCWF, 1998, 182 pp., ISBN 0-8330-2530-9, \$15.00.

"School Quality and the Longer-Term Effects of Head Start," *Journal of Human Resources*, forthcoming, Janet Currie, Duncan Thomas.

Income Inequality

"Growing Economic Disparity in the U.S.: Assessing the Problem and the Policy Options," *The Inequality Paradox: Growth of Income Disparity*, Washington, D.C.: National Policy Association, 1998, pp. 234-259, Lynn A. Karoly. Also available as RAND/RP-688, no charge.

Drugs and Crime

Mandatory Minimum Drug Sentences: Throwing Away the Key or the Taxpayers' Money? Jonathan P. Caulkins, C. Peter Rydell, William L. Schwabe, James Chiesa, RAND/MR-827-DPRC, 1997, 220 pp., ISBN 0-8330-2453-1, \$15.00.

An Ounce of Prevention, a Pound of Uncertainty: The Cost-Effectiveness of School-Based Drug Prevention Programs, Jonathan P. Caulkins, C. Peter Rydell, Susan S. Everingham, James Chiesa, Shawn Bushway, RAND/MR-923-RWJ, 1999, 227 pp., ISBN 0-8330-2560-0, \$15.00.

Three Strikes and You're Out: Estimated Benefits and Costs of California's New Mandatory-Sentencing Law, Peter W. Greenwood, C. Peter Rydell, Allan F. Abrahamse, Jonathan P. Caulkins, James R. Chiesa, Karyn E. Model, Stephen P. Klein, RAND/MR-509-RC, 1994, 87 pp., ISBN 0-8330-1597-4, \$13.00.

Air Safety

Safety in the Skies: Personnel and Parties in NTSB Aviation Accident Investigations, Cynthia C. Lebow, William L. Stanley, Liam Sarsfield, Emile Ettegui, Garth Henning, RAND/MR-1122-ICJ, 1999, 77 pp., ISBN 0-8330-2806-5, \$15.00.

Foreign Policy

Europe and Its Perimeter

The Changing Quality of Stability in Europe: The Conventional Forces in Europe Treaty Toward 2001, John E. Peters, RAND/MR-1104-OSD, 2000, 48 pp., ISBN 0-8330-2783-2, \$7.50.

The Future of NATO's Mediterranean Initiative: Evolution and Next Steps, Ian O. Lesser, Jerrold D. Green, F. Stephen Larrabee, Michele Zanini, RAND/MR-1164-SMD, 2000, 65 pp., ISBN 0-8330-2812-X, \$10.00.

NATO Looks South: New Challenges and New Strategies in the Mediterranean, Ian O. Lesser, RAND/MR-1126-AF, 2000, 81 pp., ISBN 0-8330-2810-3, \$12.00.

NATO's Future: Implications for U.S. Military Capabilities and Posture, David A. Ochmanek, RAND/MR-1162-AF, 2000, 49 pp., ISBN 0-8330-2809-X, \$7.50.

"Ukraine's Place in European and Regional Security," *Ukraine in the World: Studies in the International Relations and Security Structure of a Newly Independent State*, 1998, pp. 249-270, F. Stephen Larrabee. Also available as RAND/RP-748, no charge.

Russia

Russia's Demographic "Crisis": How Real Is It? Julie S. DaVanzo and David M. Adamson, RAND/IP-162, 1997, 9 pp., no charge.

Persian Gulf

"Coercing Saddam Hussein: Lessons from the Past," *Survival*, Vol. 40, No. 3, Autumn 1998, pp. 127-152, Daniel L. Byman, Kenneth M. Pollack, Matthew C. Waxman. Also available as RAND/RP-741, no charge.

Confronting Iraq: U.S. Policy and the Use of Force Since the Gulf War, Daniel L. Byman, Matthew C. Waxman, RAND/MR-1146-OSD, 2000, 124 pp., ISBN 0-8330-2813-8, \$14.00.

"Engaging Iran: A U.S. Strategy," *Survival*, Vol. 40, No. 3, Autumn 1998, pp. 153-169, Shahram Chubin, Jerrold D. Green. Also available as RAND/RP-734, no charge.

"Iran and Gulf Security," *Gulf Security in the Twenty-First Century*, Abu Dhabi, United Arab Emirates: The Emirates Center for Strategic Studies and Research, 1997, pp. 15-25, Jerrold D. Green. Also available as RAND/RP-682, no charge.

Iran: Limits to Rapprochement: Statement for the United States Senate Committee on Foreign Relations, Subcommittee on Near Eastern and South Asian Affairs, Jerrold D. Green, RAND/CT-158-1, July 1999, 8 pp., \$5.00.

Political Violence and Stability in the States of the Northern Persian Gulf, Daniel L. Byman, Jerrold D. Green, RAND/MR-1021-OSD, 1999, 146 pp., ISBN 0-8330-2726-3, \$15.00.

Central Asia

Chinese Policy Toward Russia and the Central Asian Republics, Mark Burles, RAND/MR-1045-AF, 1999, 95 pp., ISBN 0-8330-2731-X, \$15.00.

NATO and Caspian Security: A Mission Too Far? Richard Sokolsky, Tanya Charlick-Paley, RAND/MR-1074-AF, 1999, 132 pp., ISBN 0-8330-2750-6, \$15.00.

Ukraine and the Caspian: An Opportunity for the United States, Olga Oliker, RAND/IP-198, 2000, no charge.

China, South Asia, and East Asia

Congage China, Zalmay M. Khalilzad, RAND/IP-187, 1999, 8 pp., no charge.

From Testing to Deploying Nuclear Forces: The Hard Choices Facing India and Pakistan, Gregory S. Jones, RAND/IP-192, 2000, 11 pp., no charge.

Interpreting China's Grand Strategy: Past, Present, and Future, Michael D. Swaine, Ashley J. Tellis, RAND/MR-1121-AF, 2000, 303 pp., ISBN 0-8330-2767-0 (paperback), \$20.00, ISBN 0-8330-2815-4 (clothbound), \$35.00.

The Shape of Korea's Future: South Korean Attitudes Toward Unification and Long-Term Security Issues, Norman D. Levin, foreword by Yong-Sup Han, RAND/MR-1092-CAPP, 1999, 67 pp., ISBN 0-8330-2759-X, \$7.50.

"Sweet and Sour: Recipe for a New China Policy," *RAND Review*, Vol. 23, No. 3, Winter 1999-2000, pp. 6-11, Zalmay M. Khalilzad, RAND/CP-22 (Rev. 1/00), no charge.

The United States and a Rising China: Strategic and Military Implications, Zalmay M. Khalilzad, Abram N. Shulsky, Daniel L. Byman, Roger Cliff, David T. Orletsky, David A. Shlapak, Ashley J. Tellis, RAND/MR-1082-AF, 1999, 134 pp., ISBN 0-8330-2751-4, \$15.00.

Cuba

The RAND Forum on Cuba, Edward Gonzalez, Richard A. Nuccio (eds.), RAND/CF-146, 1999, 75 pp., ISBN 0-8330-2741-7, \$9.00.

Global Environment

"Carrots and Sticks for New Technology: Crafting Greenhouse Gas Reduction Policies for a Heterogeneous and Uncertain World," *Integrated Assessment*, Vol. 1, No. 1, 2000, pp. 1-19, David A. Robalino, Robert J. Lempert.

Developing Countries & Global Climate Change: Electric Power Options for Growth, Mark Bernstein, Pam Bromley, Jeff Hagen, Scott Hassell, Robert Lempert, Jorge Muñoz, David Robalino, Arlington, Va.: Pew Center on Global Climate Change, 1999, 53 pp.

"May Cooler Tempers Prevail: Let Technology Reduce Hot Air over Global Warming," *RAND Review*, Vol. 23, No. 3, Winter 1999-2000, pp. 12-17, Mark Bernstein, Scott Hassell, Robert Lempert, RAND/CP-22 (Rev. 1/00), no charge.

"When We Don't Know the Costs or the Benefits: Adaptive Strategies for Abating Climate Change," *Climatic Change*, No. 33, 1996, pp. 235-274, Robert J. Lempert, Michael E. Schlesinger, Steve C. Bankes. Also available as RAND/RP-557, no charge.

Foreign Aid

Family Planning in Developing Countries: An Unfinished Success Story, Julie S. DaVanzo, David M. Adamson, RAND/IP-176, 1998, 6 pp., no charge.

How Americans View World Population Issues: A Survey of Public Opinion, David M. Adamson, Nancy Belden, Julie S. DaVanzo, Sally Patterson, RAND/MR-1114-DLPF/WFHF/RF, 2000, 148 pp., ISBN 0-8330-2823-5, no charge.

How Does Congress Approach Population and Family Planning Issues? Results of Qualitative Interviews with Legislative Directors, Sally Patterson, David M. Adamson, RAND/MR-1048-WFHF/RF/UNFPA, 1999, 49 pp., ISBN 0-8330-2704-2, no charge.

The Security Dynamics of Demographic Factors, Brian Nichiporuk, RAND/MR-1088-WFHF/RF/DLPF/A, 2000, 76 pp., ISBN 0-8330-2780-8, no charge.

The Value of Family Planning Programs in Developing Countries, Rodolfo A. Bulatao, RAND/MR-978-WFHF/RF/UNFPA, 1998, 97 pp., ISBN 0-8330-2633-X, no charge.

RAND REVIEW

Editor

John Godges

Assistant Editor

Christina Pitcher

Proofreader

Miriam Polon

Art Director

Ronald Miller

Designer

Eileen Delson La Russo

Circulation

Christine Troncoso

Editorial Board

Dominic Brewer

David Chu

Paul Davis

Jerrold Green

James Hosek

Iao Katagiri

Kevin McCarthy

Elizabeth McGlynn

C. Richard Neu

Mary Vaiana

Recent reports identified in this issue may be purchased from RAND's Distribution Services, 1700 Main Street, P.O. Box 2138, Santa Monica, CA 90407-2138. To place credit card orders, telephone toll free (877) 584-8642; send a fax to (310) 451-6915; or send e-mail to order@rand.org. National Book Network (NBN) carries selected RAND titles. Contact NBN at (800) 462-6420 to determine availability. Selected bibliographies of current research are available at no charge. Abstracts of RAND documents are available for review at <http://www.rand.org/Abstracts/abstracts.html>

The RAND Policy Circle

Discretionary support for RAND research is provided by membership contributions to the RAND Policy Circle. Members of the RAND Policy Circle are invited to participate in seminars featuring top analysts and special guests who discuss their latest research on current public policy and social issues. To learn how to participate in the RAND Policy Circle, contact James W. Osterholt, executive director of development, at (310) 393-0411, ext. 7098.

RAND

RAND is a nonprofit institution that helps improve policy and decision-making through research and analysis. Chartered in 1948, RAND conducts research with support from federal, state, and local governments; from foundations and other private philanthropic sources; from corporations; and from individuals. Headed by James A. Thomson, president and chief executive officer, RAND also operates the RAND Graduate School, which offers a doctoral degree in policy analysis.

RAND Board of Trustees

Paul H. O'Neill, *chairman*

Ronald L. Olson, *vice chairman*

Peter S. Bing

Frank C. Carlucci

Lovida H. Coleman, Jr.

Christopher B. Galvin

Pedro Jose Greer, Jr.

Rita E. Hauser

Karen Elliott House

Jen-Hsun Huang

Bruce Karatz

Ann McLaughlin

Lloyd N. Morrisett

Amy B. Pascal

Patricia Salas Pineda

Donald H. Rumsfeld

Kenneth I. Shine

Jerry I. Speyer

James A. Thomson

Albert D. Wheelon

James Q. Wilson

RAND Offices

Corporate Headquarters

1700 Main Street

P.O. Box 2138

Santa Monica, CA 90407-2138

Washington Office

1200 South Hayes Street

Arlington, VA 22202-5050

Pittsburgh Office

201 North Craig Street, Suite 102

Pittsburgh, PA 15213

New York Office

342 Madison Avenue, Suite 1532

New York, NY 10173

RAND Europe

Newtonweg 1

2333 CP Leiden

The Netherlands

RAND also has smaller offices in Seattle, Washington; Jakarta, Indonesia; and Moscow, Russia.

CP-22 (Rev. 7/00)

RAND

1700 Main Street, PO Box 2138, Santa Monica, CA 90407-2138

NON-PROFIT ORG.
U.S. POSTAGE
PAID
THE RAND
CORPORATION